

City Clerk File No. Ord. 15.173

Agenda No. 3-A 1st Reading

Agenda No. 4-A 2nd Reading & Final Passage



ORDINANCE OF JERSEY CITY, N.J.

COUNCIL AS A WHOLE
offered and moved adoption of the following ordinance:

CITY ORDINANCE 15.173

TITLE:

ORDINANCE AUTHORIZING AN AMENDMENT TO THE TAX EXEMPTIONS OF 1) 20 RIVER COURT WEST URBAN RENEWAL COMPANY; 2) 30 RIVER COURT WEST URBAN RENEWAL COMPANY; AND 3) H.P. LINCOLN URBAN RENEWAL COMPANY TO IMPLEMENT A SETTLEMENT AND AMEND THE TAX EXEMPTION UNDER THE 2003 LONG TERM TAX EXEMPTION BUT ONLY AS TO THE DEFINITION OF NET PROFIT

THE MUNICIPAL COUNCIL OF THE CITY OF JERSEY CITY DOES ORDAIN:

WHEREAS, 20 River Court West Urban Renewal Company, an urban renewal entity, formed and qualified to do business under the provisions of the Long Term Tax Exemption Law N.J.S.A. 40A:20-1 et seq. owns certain property designated as Block 7302, Lot 34 (f/k/a Block 20, Lot 2.09), more commonly known by the street address of 20 River Court; and

WHEREAS, by the adoption of Ordinance 97-072, on October 8, 1997, the Municipal Council of the City of Jersey City approved a tax exemption for a 30 year tax exemption with a Service Charge equal to 15% of the Annual Gross Revenue, initially estimated to be \$972,000; and

WHEREAS, 30 River Court West Urban Renewal Company, an urban renewal entity, formed and qualified to do business under the provisions of the Long Term Tax Exemption Law N.J.S.A. 40A:20-1 et seq. owns certain property designated as Block 7302, Lot 33 (f/k/a Block 20, Lots 2.29 and 2.10) more commonly known by the street address of 30 River Court; and

WHEREAS, by the adoption of Ordinance 97-073 on October 8, 1997, the Municipal Council of the City of Jersey City approved a 30 year tax exemption with a Service Charge equal to 15% of the Annual Gross Revenue initially estimated to be \$972,000; and

WHEREAS, H.P. Lincoln Urban Renewal Company, an urban renewal entity, formed and qualified to do business under the provisions of the Long Term Tax Exemption Law N.J.S.A. 40A:20-1 et seq. owns certain property designated as Block 8801, Lot 6 (f/k/a Block 253, Lot 21; Block 254, Lots 1 and 2; and Block 287, Lot 1) and more commonly known by the street address of 204 Tenth Street; and

WHEREAS, by the adoption of Ordinance 94-065 on August 17, 1994, the Municipal Council of the City of Jersey City approved a 30 year tax exemption with a Service Charge equal to 15% of the Annual Gross Revenue initially estimated to be \$254,342; and

WHEREAS, these Entities collectively disputed the amount of the excess profit portion of the service charge that had been billed by the Tax Collector in 2014 (\$1,238,241, \$445,968 and \$146,060 respectively) who had determined that the Entities had accrued a liability to the City of Jersey City for an additional service charge based upon their excess profits; and

WHEREAS, while the Entities collectively, agreed to pay the City of Jersey City the sum of \$1,830,269, in settlement of the excess profit claims, and as part of the settlement, the City agreed to undertake a discussion in the future of the net profit definition in the financial agreement; and

ORDINANCE AUTHORIZING AN AMENDMENT TO THE TAX EXEMPTIONS OF 1) 20 RIVER COURT WEST URBAN RENEWAL COMPANY; 2) 30 RIVER COURT WEST URBAN RENEWAL COMPANY; AND 3) H.P. LINCOLN URBAN RENEWAL COMPANY TO IMPLEMENT A SETTLEMENT AND AMEND THE TAX EXEMPTION UNDER THE 2003 LONG TERM TAX EXEMPTION BUT ONLY AS TO THE DEFINITION OF NET PROFIT

WHEREAS, the parties agree that in 2003, the Long Term Tax Exemption Law, N.J.S.A. 40A:20-1 et seq., was amended to re-define "net profit", among other things, to allow the deduction of certain expenses that were not permitted under the prior law, that in effect would reduce the amount of the Entities' profit; and

WHEREAS, specifically, the City hereby determined that the relative benefits of amending the definition of "net profit" to accord with the 2003 Law would outweigh the costs to the City of terminating the tax exemption; and

WHEREAS, accordingly, the parties agree that it is in their mutual best interests to amend the financial agreements to amend the definition of net profit to allow the additional expenses to be deducted from profit as is otherwise only permitted for new tax exemptions approved after the 2003 amendment to the Long Term Tax Exemption Law, N.J.S.A. 40A:20-1 et seq., but retain the existing net profit rate and not increase in the "net profit rate" provided in the 2003 amendment.

NOW, THEREFORE, BE IT ORDAINED by the Municipal Council of the City of Jersey City that:

A. An amendment to the Financial Agreements of 20 River Court West, 30 River Court West and H.P. Lincoln Urban Renewal Companies, to define "net profit" in a manner that accords with the 2003 amendment to the Long Term Tax Exemption Law is hereby authorized as follows:

- Net Profit of the Original Financial Agreement is hereby amended to read in its entirety as follows:

Net Profit - means the Annual Gross Revenues of the Entity less all operating and non-operating expenses of the Entity, all determined in accordance with generally accepted accounting principles, but:

(1) there shall be included in expenses: (a) all Annual Service Charges paid pursuant to N.J.S.A. 40A:20-12; (b) all payments to the municipality of excess profits pursuant to N.J.S.A. 40A:20-15 or N.J.S.A. 40A:20-16; (c) an annual amount sufficient to amortize the total project cost and all capital costs determined in accordance with generally accepted accounting principles, of any other entity whose revenue is included in the computation of excess profits, over the term of the abatement as set forth in this Agreement; (d) all reasonable annual operating expenses of the Entity and any other entity whose revenue is included in the computation of excess profits, including the cost of all management fees, brokerage commissions, insurance premiums, all taxes or service charges paid, legal, accounting, or other professional service fees, utilities, building maintenance costs, building and office supplies, and payments into repair or maintenance reserve accounts; (e) all payments of rent including, but not limited to, ground rent by the urban renewal entity; (f) all debt service; and

(2) there shall not be included in expenses either depreciation or obsolescence, interest on debt, except interest which is part of debt service, income taxes, or salaries, bonuses or other compensation paid, directly or indirectly to directors, officers and stockholders of the Entity, or officers, partners or other persons holding any proprietary ownership interest in the Entity."

B. The Mayor or Business Administrator is hereby authorized to execute an addendum to each of the Financial Agreements to reflect the within approved amendment, subject to such modification as the Corporation Counsel or Business Administrator deems appropriate or necessary.

ORDINANCE AUTHORIZING AN AMENDMENT TO THE TAX EXEMPTIONS OF 1) 20 RIVER COURT WEST URBAN RENEWAL COMPANY; 2) 30 RIVER COURT WEST URBAN RENEWAL COMPANY; AND 3) H.P. LINCOLN URBAN RENEWAL COMPANY TO IMPLEMENT A SETTLEMENT AND AMEND THE TAX EXEMPTION UNDER THE 2003 LONG TERM TAX EXEMPTION BUT ONLY AS TO THE DEFINITION OF NET PROFIT

C. The City Clerk shall deliver a certified copy of the Ordinance and Amended Financial Agreements to the Tax Assessor and Director of the Division of Local Government Services.

D. The application for the amendment is on file with the office of the City Clerk. The Amended Financial Agreement and Project Employment and Contracting Agreement shall be in substantially the form on file in the Office of the City Clerk, subject to such modification as the Business Administrator or Corporation Counsel deems appropriate or necessary.

E. All ordinances and parts of ordinances inconsistent herewith are hereby repealed.

F. This ordinance shall be part of the Jersey City Code as though codified and fully set forth therein. The City Clerk shall have this ordinance codified and incorporated in the official copies of the Jersey City Code.

G. This ordinance shall take effect at the time and in the manner provided by law.

H. The City Clerk and Corporation Counsel be and they are hereby authorized and directed to change any chapter numbers, article numbers and section numbers in the event that the codification of this ordinance reveals that there is a conflict between those numbers and the existing code, in order to avoid confusion and possible accidental repealers of existing provisions.

NOTE: All material is new; therefore underlining has been omitted. For purposes of advertising only, new matter is indicated by **bold face** and repealed matter by *italic*.

JM/he
11/16/15
12/9/15

APPROVED AS TO LEGAL FORM

APPROVED: _____

Corporation Counsel

APPROVED: _____
Business Administrator

Certification Required ☐

Not Required ☐

RESOLUTION FACT SHEET – NON-CONTRACTUAL

This summary sheet is to be attached to the front of any resolution that is submitted for Council consideration. Incomplete or vague fact sheets will be returned with the resolution.

Full Title of Ordinance/Resolution

ORDINANCE AUTHORIZING AN AMENDMENT TO THE TAX EXEMPTIONS OF 1) 20 RIVER COURT WEST URBAN RENEWAL COMPANY; 2) 30 RIVER COURT WEST URBAN RENEWAL COMPANY; AND 3) H.P. LINCOLN URBAN RENEWAL COMPANY TO IMPLEMENT A SETTLEMENT AND AMEND THE TAX EXEMPTION UNDER THE 2003 LONG TERM TAX EXEMPTION BUT ONLY AS TO THE DEFINITION OF NET PROFIT

Initiator

Department/Division	Tax Collector	Tax Collector
Name/Title	Maureen Cosgrove	Tax Collector
Phone/email	(201) 547-5120	Maureen@jcnj.org

Note: Initiator must be available by phone during agenda meeting (Wednesday prior to council meeting @ 4:00 p.m.)

Resolution Purpose

20 River Court West Urban Renewal Company, 30 River Court West Urban Renewal Company, and H.P. Lincoln Urban Renewal Company [Entities], were individually granted a 30 year tax exemption pursuant to Ordinances 97-072, 97-073 and 94-065 respectively; with a Service Charge equal to 15% of the Annual Gross Revenue.

Entities collectively disputed the amount of the excess profit portion of the service charge that had been billed by the Tax Collector in 2014 (\$1,238,241, \$445,968 and \$146,060 respectively) who had determined that the Entities had accrued a liability to the City of Jersey City for an additional service charge based upon their excess profits

Entities collectively, agreed to pay the City of Jersey City the sum of \$1,830,269, in settlement of the excess profit claims, and as part of the settlement. The City now agrees to define "net profit" in the financial agreement under the 2003 Law, which will curtail additional net profit but preserve the tax exemption.

I certify that all the facts presented herein are accurate.


Signature of Department Director


Date

HP LINCOLN

30 RIVER COURT

20 RIVER COURT

	2014	2013
assessment		
land	320,900	320,900
improvement	6,786,600	6,786,600
total assessed value	7,107,500	7,107,500
tax rate	0.07482	0.07434
convention taxes	531,783.15	528,371.55
gross revenue		
per afs	4,233,485.00	4,091,989.00
revenue at 15%	635,022.75	613,798.35
admin fee	12,700.46	12,275.97
total abatement payment	647,723.21	626,074.32
at 17%	719,692.45	695,638.13
admin	14,393.85	13,912.76
total	734,086.30	709,550.89
difference	86,363.09	83,476.58

	2014	2013
assessment		
land	2,028,000	2,028,000
improvement	33,472,000	33,472,000
total assessed value	35,500,000	35,500,000
tax rate	0.07482	0.07434
convention taxes	2,656,110.00	2,639,070.00
gross revenue		
per afs	14,487,910.00	14,048,685.00
revenue at 15%	2,173,186.50	2,107,302.75
admin fee	43,463.73	42,146.06
total abatement payment	2,216,650.23	2,149,448.81
at 17%	2,462,944.70	2,388,276.45
admin	49,258.89	47,765.53
total	2,512,203.59	2,436,041.98
difference	295,553.36	286,593.17

	2014	2013
assessment		
land	1,310,400	1,310,400
improvement	24,563,000	24,563,000
total assessed value	25,873,400	25,873,400
tax rates	0.07482	0.07434
convention taxes	1,935,847.79	1,923,428.56
gross revenue		
per afs	12,808,592.00	11,747,570.00
revenue at 15%	1,921,288.80	1,762,135.50
admin fee	38,425.78	35,242.71
total abatement payment	1,959,714.58	1,797,378.21
at 17%	2,177,460.64	1,997,086.90
admin	43,549.21	39,941.74
total	2,221,009.85	2,037,028.64
difference	261,295.28	239,650.43

SERVICE CHARGE VS CONVENTIONAL

HP LINCOLN

*ASSUMING 74.82 TAX RATE WITH 2% ANNUAL INCREASE

NEW ASSESSMENTS BASED ON TAX ASSESSOR ANALYSIS

LAND	320,900	COUNTY	0%
BLDG	6,786,600	ADMIN	2%
TOTAL	7,107,500		

EXISTING ASSESSMENT

PROJECTED SERVICE CHARGE (1ST YEAR) 635,023

YEAR	ASC w/ Phase-In Less Land Tax Credit	ASC w/ 2% Annual Increase	ASC w/ 2% Annual Increase & Phase-In	County (5%)	Admin (2%)	Estimated Conventional Taxes On New Assessment	Staged Adj Rate	% of Conv.	Conventional Taxes at 51% (Estimated)	Current Taxes On Existing Assessment	Land Tax
2016	611,013	635,023	635,023	-	12,700	531,783	60%	319,070	271,209	-	24,010
2017	623,233	647,723	647,723	-	12,954	542,419	60%	325,451	276,634	-	24,490
2018	635,698	660,678	660,678	-	13,214	553,267	60%	331,960	282,166	-	24,980
2019	648,412	673,891	673,891	-	13,478	564,333	60%	338,600	287,810	-	25,479
2020	661,380	687,369	687,369	-	13,747	575,619	80%	460,495	293,566	-	25,989
2021	674,608	701,116	701,116	-	14,022	587,132	80%	469,705	299,437	-	26,509
2022	688,100	715,139	715,139	-	14,303	598,874	80%	479,099	305,426	-	27,039
2023	701,862	729,441	729,441	-	14,589	610,852	80%	488,681	311,534	-	27,580
2024	715,899	744,030	744,030	-	14,881	623,069	80%	498,455	317,765	-	28,131
2025	730,217	758,911	758,911	-	15,178	635,530	80%	508,424	324,120	-	28,694
2026	744,821	774,089	774,089	-	15,482	648,241	80%	518,593	330,603	-	29,268
2027	759,718	789,571	789,571	-	15,791	661,206	80%	528,964	337,215	-	29,853
2028	774,912	805,362	805,362	-	16,107	674,430	80%	539,544	343,959	-	30,450
2029	790,410	821,470	821,470	-	16,429	687,918	80%	550,335	350,838	-	31,059
TOTAL	9,760,284	10,143,814	10,143,814	-	202,876	8,494,671		6,357,377	4,332,282	-	383,530

ASC phase-in reflects annual 2% increase in conventional taxes AND Gross Rents
Projected figures subject to rounding discrepancies

PILOT TOTAL: 9,963,160
CONV TOTAL: 4,332,282

SERVICE CHARGE VS CONVENTIONAL

20 RIVER CT

***ASSUMING 74.82 TAX RATE WITH 2% ANNUAL INCREASE**

NEW ASSESSMENTS BASED ON TAX ASSESSOR ANALYSIS

LAND	1,310,400	COUNTY	0%
BLDG	24,563,000	ADMIN	2%
TOTAL	25,873,400		

EXISTING ASSESSMENT

PROJECTED SERVICE CHARGE (1ST YEAR) 1,921,304

YEAR	ASC w/ Phase-In Less Land Tax Credit	ASC w/ 2% Annual Increase	ASC w/ 2% Annual Increase & Phase-In	County (5%)	Admin (2%)	Estimated Conventional Taxes On New Assessment	Staged Adj Rate	% of Conv.	Conventional Taxes at 51% (Estimated)	Current Taxes On Existing Assessment	Land Tax
2016	1,823,260	1,921,304	1,921,304	-	38,426	1,935,848	60%	1,161,509	987,282	-	98,044
2017	1,859,725	1,959,730	1,959,730	-	39,195	1,974,565	60%	1,184,739	1,007,028	-	100,005
2018	1,896,919	1,998,925	1,998,925	-	39,978	2,014,056	60%	1,208,434	1,027,169	-	102,005
2019	1,934,858	2,038,903	2,038,903	-	40,778	2,054,337	60%	1,232,602	1,047,712	-	104,045
2020	1,973,555	2,079,681	2,079,681	-	41,594	2,095,424	80%	1,676,339	1,068,666	-	106,126
2021	2,013,026	2,121,275	2,121,275	-	42,425	2,137,332	80%	1,709,866	1,090,040	-	108,249
2022	2,053,287	2,163,700	2,163,700	-	43,274	2,180,079	80%	1,744,063	1,111,840	-	110,414
2023	2,094,352	2,206,974	2,206,974	-	44,139	2,223,681	80%	1,778,944	1,134,077	-	112,622
2024	2,136,239	2,251,114	2,251,114	-	45,022	2,268,154	80%	1,814,523	1,156,759	-	114,874
2025	2,178,964	2,296,136	2,296,136	-	45,923	2,313,517	80%	1,850,814	1,179,894	-	117,172
2026	2,222,543	2,342,059	2,342,059	-	46,841	2,359,788	80%	1,887,830	1,203,492	-	119,515
2027	2,266,994	2,388,900	2,388,900	-	47,778	2,406,983	80%	1,925,587	1,227,562	-	121,906
2028	2,312,334	2,436,678	2,436,678	-	48,734	2,455,123	80%	1,964,098	1,252,113	-	124,344
2029	2,358,581	2,485,411	2,485,411	-	49,708	2,504,226	80%	2,003,380	1,277,155	-	126,831
2030	2,405,753	2,535,120	2,535,120	-	50,702	2,554,310	80%	2,043,448	1,302,698	-	129,367
TOTAL	31,530,391	33,225,909	33,225,909	-	664,518	33,477,423		25,186,177	17,073,486	-	1,695,518

ASC phase-in reflects annual 2% increase in conventional taxes AND Gross Rents

Projected figures subject to rounding discrepancies

PILOT TOTAL: 32,194,909

CONV TOTAL: 17,073,486

SERVICE CHARGE VS CONVENTIONAL

*ASSUMING 74.82 TAX RATE WITH 2% ANNUAL INCREASE

NEW ASSESSMENTS BASED ON TAX ASSESSOR ANALYSIS

30 RIVER CT

LAND	2,028,000	COUNTY	0%
BLDG	33,472,000	ADMIN	2%
TOTAL	35,500,000		

EXISTING ASSESSMENT

PROJECTED SERVICE CHARGE (1ST YEAR) 2,173,187

YEAR	ASC w/ Phase-In Less Land Tax Credit	ASC w/ 2% Annual Increase	ASC w/ 2% Annual Increase & Phase-In	County (5%)	Admin (2%)	Estimated Conventional Taxes On New Assessment	Staged Adj Rate	% of Conv.	Conventional Taxes at 51% (Estimated)	Current Taxes On Existing Assessment	Land Tax
2016	2,021,452	2,173,187	2,173,187	-	10,000	2,656,110	60%	1,593,666	1,354,616	-	151,735
2017	2,061,881	2,216,650	2,216,650	-	10,000	2,709,232	60%	1,625,539	1,381,708	-	154,770
2018	2,103,118	2,260,983	2,260,983	-	10,000	2,763,417	60%	1,658,050	1,409,343	-	157,865
2019	2,145,181	2,306,203	2,306,203	-	10,000	2,818,685	60%	1,691,211	1,437,529	-	161,022
2020	2,188,084	2,352,327	2,352,327	-	10,000	2,875,059	80%	2,300,047	1,466,280	-	164,243
2021	2,231,846	2,399,373	2,399,373	-	10,000	2,932,560	80%	2,346,048	1,495,606	-	167,528
2022	2,276,483	2,447,361	2,447,361	-	10,000	2,991,211	80%	2,392,969	1,525,518	-	170,878
2023	2,322,012	2,496,308	2,496,308	-	10,000	3,051,035	80%	2,440,828	1,556,028	-	174,296
2024	2,368,453	2,546,234	2,546,234	-	10,000	3,112,056	80%	2,489,645	1,587,149	-	177,782
2025	2,415,822	2,597,159	2,597,159	-	10,000	3,174,297	80%	2,539,438	1,618,892	-	181,337
2026	2,464,138	2,649,102	2,649,102	-	10,000	3,237,783	80%	2,590,227	1,651,269	-	184,964
2027	2,513,421	2,702,084	2,702,084	-	10,000	3,302,539	80%	2,642,031	1,684,295	-	188,663
2028	2,563,689	2,756,126	2,756,126	-	10,000	3,368,590	80%	2,694,872	1,717,981	-	192,437
2029	2,614,963	2,811,248	2,811,248	-	10,000	3,435,962	80%	2,748,769	1,752,340	-	196,285

TOTAL	32,290,542	34,714,347	34,714,347	-	140,000	42,428,537		31,753,341	21,638,554	-	2,423,805
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ASC phase-in reflects annual 2% increase in conventional taxes AND Gross Rents
Projected figures subject to rounding discrepancies

PILOT TOTAL: 32,430,542
CONV TOTAL: 21,638,554

Ordinance of the City of Jersey City, N.J.



ORDINANCE NO. Ord. 15.173
TITLE: 3.A DEC 16 2015 4.A **JAN 04 2016**

Ordinance authorizing an amendment to the tax exemptions of 1) 20 River Court West Urban Renewal Company; 2) 30 River Court West Urban Renewal Company; and 3) H.P. Lincoln Urban Renewal Company to implement a settlement and amend the tax exemption under the 2003 Long Term Tax Exemption but only as to the definition of net profit.

RECORD OF COUNCIL VOTE ON INTRODUCTION DEC 16 2015 7-0											
COUNCILPERSON	AYE	NAY	N.V.	COUNCILPERSON	AYE	NAY	N.V.	COUNCILPERSON	AYE	NAY	N.V.
GAJEWSKI	✓			YUN	✓			RIVERA	ABS	ENT	
RAMCHAL	✓			OSBORNE	ABS	ENT		WATTERMANN	✓		
BOGGIANO	✓			COLEMAN	✓			LAVARRO, PRES.	✓		

RECORD OF COUNCIL VOTE TO CLOSE PUBLIC HEARING JAN 04 2016 9-0											
Councilperson <u>COLEMAN</u> moved, seconded by Councilperson <u>OSBORNE</u> to close P.H.											
COUNCILPERSON	AYE	NAY	N.V.	COUNCILPERSON	AYE	NAY	N.V.	COUNCILPERSON	AYE	NAY	N.V.
GAJEWSKI	✓			YUN	✓			RIVERA	✓		
RAMCHAL	✓			OSBORNE	✓			WATTERMANN	✓		
BOGGIANO	✓			COLEMAN	✓			LAVARRO, PRES.	✓		

✓ Indicates Vote

N.V.--Not Voting (Abstain)

SPEAKERS:

YVONNE BULGER
KABILI TAYALI

RECORD OF COUNCIL VOTE ON AMENDMENTS, IF ANY											
Councilperson _____ moved to amend* Ordinance, seconded by Councilperson _____				& adopted							
COUNCILPERSON	AYE	NAY	N.V.	COUNCILPERSON	AYE	NAY	N.V.	COUNCILPERSON	AYE	NAY	N.V.
GAJEWSKI				YUN				RIVERA			
RAMCHAL				OSBORNE				WATTERMANN			
BOGGIANO				COLEMAN				LAVARRO, PRES.			

RECORD OF FINAL COUNCIL VOTE JAN 04 2016 7-2											
COUNCILPERSON	AYE	NAY	N.V.	COUNCILPERSON	AYE	NAY	N.V.	COUNCILPERSON	AYE	NAY	N.V.
GAJEWSKI	✓			YUN		✓		RIVERA	✓		
RAMCHAL	✓			OSBORNE	✓			WATTERMANN	✓		
BOGGIANO		✓		COLEMAN	✓			LAVARRO, PRES.	✓		

✓ Indicates Vote

N.V.--Not Voting (Abstain)

Adopted on first reading of the Council of Jersey City, N.J. on **DEC 16 2015**
Adopted on second and final reading after hearing on **JAN 04 2016**

This is to certify that the foregoing Ordinance was adopted by the Municipal Council at its meeting on **JAN 04 2016**
Robert Byrne
Robert Byrne, City Clerk

*Amendment(s)

APPROVED: *[Signature]*
Rolando R. Lavarro, Jr., Council President

Date **JAN 04 2016**

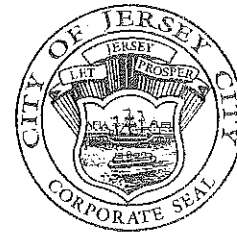
APPROVED: *[Signature]*
Steven M. Filop, Mayor
Date **JAN 05 2016**

Date to Mayor **JAN 04 2016**

City Clerk File No. Ord. 15.174

Agenda No. 3.B 1st Reading

Agenda No. 4.B 2nd Reading & Final Passage



ORDINANCE OF JERSEY CITY, N.J.

COUNCIL AS A WHOLE
offered and moved adoption of the following ordinance:

CITY ORDINANCE 15.174
TITLE: AN ORDINANCE APPROVING A FIVE (5) YEAR TAX
EXEMPTION PURSUANT TO THE PROVISIONS OF
N.J.S.A. 40A:21-1, ET SEQ., AND SECTION 304-9 OF THE
MUNICIPAL CODE FOR PROPERTY DESIGNATED AS
BLOCK 13003 LOT 1 QUALIFIER C 3.90 COMMONLY
KNOWN BY THE STREET ADDRESS OF 90 COLUMBUS
DRIVE

THE MUNICIPAL COUNCIL OF THE CITY OF JERSEY CITY DOES ORDAIN:

WHEREAS, the City of Jersey City as an area in need of rehabilitation, is authorized to adopt an ordinance to utilize tax exemptions pursuant to N.J.S.A. 40A:21-1, et seq., also known as the Five (5) Year Exemption and Abatement Law; and

WHEREAS, pursuant to N.J.S.A. 40A:21-1 et seq., the City of Jersey City adopted Ordinance 05-060, Section 304-6 et seq. of the Municipal Code, to allow Five (5) Year Tax Exemptions; and

WHEREAS, Five (5) Year Tax Exemptions allow the Tax Assessor to regard the full and true value or a portion thereof of certain improvements as not increasing the full and true value of certain property for a period of five (5) years, provided the owner's application is approved by the Tax Assessor and by Ordinance of the Municipal Council; and

WHEREAS, pursuant to N.J.S.A. 40A:21-9 and Section 304-12 of the Municipal Code, a tax exemption for a proposed fifty (50) story building with five hundred and thirty-nine (539) market rate residential rental units on the Property is permitted for a period of five (5) years; and

WHEREAS, 90 Columbus Co., LLC is the owner of Block 13003, Lot 1, Qualifier C 3.90 on the City's Tax Map and more commonly known by the street address of 90 Columbus Drive, Jersey City, New Jersey; and

WHEREAS, 90 Columbus Co., LLC received initial approval to construct a fifty (50) story building with five hundred and thirty-nine (539) market rate residential rental units [the Project] from the Planning Board on July 24, 2012, and, after a series of Administrative Amendments, 90 Columbus Co., LLC received final approval for the Project on August 18, 2015; and

WHEREAS, on November 23, 2015, the owner filed an application with the Tax Assessor to exempt the Project from taxes for five years and a copy of the owner's application is attached hereto; and

WHEREAS, 90 Columbus Co., LLC proposes to pay the City (in addition to the full taxes on the land, which shall continue to be conventionally assessed and taxed) a payment for the new improvements on the property, estimated as follows:

- (a) Year 1: the tax year in which the structure will be completed, no taxes on improvements, just on the land estimated to be \$334,902;

- (b) Year 2: the second tax year, twenty percent (20%) of the taxes on the improvements, estimated to be \$464,484;
- (c) Year 3: the third tax year, forty percent (40%) of the taxes on the improvements, estimated to be \$928,968;
- (d) Year 4: the fourth tax year, sixty percent (60%) of the taxes on the improvements, estimated to be \$1,393,452;
- (e) Year 5: the fifth tax year, eighty percent (80%) of the taxes on the improvements, estimated to be \$1,857,936;
- (f) Year 6: Full taxes estimated to be \$2,322,420.

WHEREAS, the total tax to be paid over the five year term is estimated at \$6,967,260; and

WHEREAS, the Tax Assessor has determined that the full and true value of the new construction will generate an additional tax payment of \$2,322,420 a year; and

WHEREAS, the applicant has agreed that in the event the Citywide revaluation results in a decrease in the estimated amount of actual taxes otherwise due, then for purposes of calculating a tax payment hereunder and for the five (5) year period, the amount shall be calculated on the higher of the amount estimated hereunder or the actual taxes otherwise due; and

WHEREAS, the application for tax exemption was complete and timely filed; the application was approved by the Tax Assessor and the newly constructed multiple dwelling is eligible for a tax exemption pursuant to N.J.S.A. 40A:21-9 and Section 304-12 of the Municipal Code; and

WHEREAS, upon the expiration of the tax exemption, the total assessment will generate a total tax payment of \$2,322,420; and

WHEREAS, 90 Columbus Co., LLC will pay \$808,500 to the City's Affordable Housing Trust Fund at the rate of \$1,500 per residential unit for five hundred and thirty-nine (539) units; and

WHEREAS, on December 1, 2015, the Tax Exemption Committee recommended the approval of the tax exemption to the Mayor.

NOW, THEREFORE, BE IT ORDAINED by the Municipal Council of the City of Jersey City that:

1. The application, attached hereto, for a five (5) year tax exemption for the full and true value of the proposed fifty (50) story building with five hundred and thirty-nine (539) market rate residential rental units, located on Block 13003, Lot 1, Qualifier C 3.90 of the City's Tax Map and more commonly known by the street address of 90 Columbus Drive, is hereby approved.

2. The Mayor or Business Administrator is hereby authorized to execute a tax exemption agreement which shall contain at a minimum, the following terms and conditions:

- (a) estimated tax payment on the new improvements shall be:
 - (i) Year 1: the tax year in which the structure will be completed, no taxes on improvements;
 - (ii) Year 2: the second tax year, twenty percent (20%) of the taxes on the improvements, estimated to be \$464,484;

- (iii) Year 3: the third tax year, forty percent (40%) of the taxes on the improvements, estimated to be \$928,968;
- (iv) Year 4: the fourth tax year, sixty percent (60%) of the taxes on the improvements, estimated to be \$1,393,452;
- (v) Year 5: the fifth tax year, eighty percent (80%) of the taxes on the improvements, estimated to be \$1,857,936;
- (vi) Year 6: Full taxes estimated to be \$2,322,420.

The applicant has agreed that in the event the Citywide revaluation results in a decrease in the amount of actual taxes otherwise due for purposes of calculating a tax payment hereunder; during this five (5) year period, the amount due hereunder shall be calculated on the higher of the amount estimated above or the actual taxes due after the revaluation; and

- (b) The project shall be subject to all federal, state and local laws, and regulations on pollution control, worker safety, discrimination in employment, zoning, planning, and building code requirements pursuant to N.J.S.A.40A:21-11(b).
 - (c) If, during any tax year prior to the termination of the tax agreement, the property owner ceases to operate or disposes of the property, or fails to meet the conditions for qualifying, then the tax which would have otherwise been payable for each tax year shall become due and payable from the property owner as if no exemption and abatement had been granted. The collector forthwith ad the tax collector shall, within 15 days thereof, notify the owner of the property of the amount of taxes due.
 - (d) With respect to the disposal of the property, where it is determined that the new owner of the property will continue to use the property pursuant to the conditions which qualified the property, no tax shall be due, the exemption shall continue, and the agreement shall remain in effect.
 - (e) At the termination of a tax exemption agreement, the new improvements shall be subject to all applicable real property taxes as provided by State law and regulation and local ordinance; but nothing herein shall prohibit a project, at the termination of an agreement, from qualifying for, an receiving the full benefits of, any other tax preferences provided by law.
 - (f) Affordable Housing Trust Fund: \$1,500 per unit (539 units) for a total of \$808,500.
3. The form of tax exemption agreement is attached hereto as Exhibit B, subject to such modification as the Corporation counsel or Business Administrator deems necessary.
 4. The Tax Assessor shall send a copy of the fully executed Financial Agreement will be sent to the Director of the Division of Local Government Services in the Department of Community Affairs within thirty (30) days of execution pursuant to N.J.S.A. 40a:21-11(d).
 - A. All ordinances and parts of ordinances inconsistent herewith are hereby repealed.
 - B. This ordinance shall be part of the Jersey City Code as though codified and fully set forth therein. The City Clerk shall have this ordinance codified and incorporated in the official copies of the Jersey City Code.
 - C. This ordinance shall take effect at the time and in the manner provided by law.
 - D. The City Clerk and Corporation Counsel be and they are hereby authorized and

D. The City Clerk and Corporation Counsel be and they are hereby authorized and directed to change any chapter numbers, article numbers and section numbers in the event that the codification of this ordinance reveals that there is a conflict between those numbers and the existing code, in order to avoid confusion and possible accidental repealers of existing provisions.

NOTE: All material is new; therefore underlining has been omitted. For purposes of advertising only, new matter is indicated by **bold face** and repealed matter by *italic*.

JJH 12/9/15

APPROVED AS TO LEGAL FORM

Corporation Counsel

APPROVED: _____

APPROVED: _____
Business Administrator

Certification Required ☐

Not Required ☐

RESOLUTION FACT SHEET – NON-CONTRACTUAL

This summary sheet is to be attached to the front of any resolution that is submitted for Council consideration. Incomplete or vague fact sheets will be returned with the resolution.

Full Title of Ordinance/Resolution

An Ordinance Approving A Five (5) Year Tax Exemption for a Market Rate Rental Project Constructed by 90 Columbus Co., LLC, Under the Short-Term Tax Exemption Law N.J.S.A. 40A:21-1 et. seq. Designated as Block 13003 Lot 1 Qualifier C3.90 on the City's Tax Map and known as 90 Christopher Columbus Drive.

Initiator

Department/Division	Mayor's Office	
Name/Title	Marcos Vigil	Deputy Mayor
Phone/email	(201) 547-6542	mvigil@icnj.org

Note: Initiator must be available by phone during agenda meeting (Wednesday prior to council meeting @ 4:00 p.m.)

Resolution Purpose

The applicant, 90 Columbus Co. LLC, is applying for a five (5) Year tax abatement for a fifty (50) story five hundred and thirty-nine (539) unit market rate residential rental project under N.J.S.A. 40 A: 21-1 et seq. The fee of \$10,000 was paid with the application.

The property is located at the corner of Marin Boulevard and Steuben Street. It is Block 13003 Lot 1 Qualifier C3.90. To be known as 90 Columbus Drive.

I certify that all the facts presented herein are accurate.


Signature of Department Director

12-7-2015
Date



Ordinance Replacement Cover Sheet

Submitted By	John Hallanan, Assistant Corporation Counsel
Department	Law
Date Submitted	December 16, 2015
Pls. note Revisions and Page Number	First Reading Ordinances # 3(b), Ordinance 15.174
	Top of page three, section (vi) originally read "Year 6: Full taxes estimated to be \$2,933,898" but it should read "Year 6: Full taxes estimated to be \$2,322,4208"

TAX AGREEMENT
FIVE YEAR/NEW CONSTRUCTION

THIS AGREEMENT made on this _____ day of _____, 2016, by and between the **CITY OF JERSEY CITY** [City], a municipal corporation organized under the Laws of the State of New Jersey and having its principal place of business at 280 Grove Street, Jersey City, New Jersey 07302, and **90 COLUMBUS CO., LLC** [Applicant /Owner], whose principal place of business is Harborside Financial Center, Plaza 10, Suite 1203, 3 Second Street, Jersey City, New Jersey 07311.

WITNESSETH:

WHEREAS, the Municipal Council has indicated by its intention to utilize the five year tax exemption provisions authorized by Article VIII, Section I, paragraph VI of the NJ State Constitution and the Five Year Exemption Law, N.J.S.A. 40A:21-1 et seq. for improvements and projects by the adoption of Ordinance 05-060, as amended by Ordinances 07-146 and 14-027; and

WHEREAS, the Applicant is owner of certain property located at 90 Columbus Drive in the City of Jersey City, County of Hudson and State of New Jersey, designated as Block 13003, Lot 1, Qualifier C 3.90 on the Tax Assessor's Map, more commonly known by the street address of 90 Columbus Drive and more particularly described in the metes and bounds description attached hereto as Exhibit A [Property];

WHEREAS, on or about November 23, 2015, the Applicant applied for a five year tax exemption to construct a new Multiple Dwelling on the Property [Improvements] pursuant to N.J.S.A. 40A:21-1 et seq and Section 304-12 of the Municipal Code [Law]; and

WHEREAS, the City has reviewed the application, approved the construction of the Improvements and authorized the execution of a Tax Exemption Agreement by the adoption of Ordinance _____ on _____, 2016.

NOW, THEREFORE, IN CONSIDERATION of the mutual promises and covenants hereinafter contained, the parties hereto agree as follows:

ARTICLE I: APPROVAL OF TAX EXEMPTION

The City hereby agrees to a tax exemption for the construction of a new Multiple Dwelling [Improvements] on the Property, as further described in the Application, attached hereto as Exhibit B, pursuant to the provisions of N.J.S.A. 40A:21-1 et seq. and Ordinance _____ which authorized the execution of this Tax Agreement [Law], subject to

the terms and conditions hereof.

ARTICLE II: IN LIEU OF TAX PAYMENTS

The Applicant agrees to make estimated payments on the new Improvements, (separate and apart from taxes on the land and existing improvements which shall continue to be subject to conventional assessment and taxation and for which the Applicant shall receive no credit against the in lieu of tax payment) in lieu of full property tax payments according to the following schedule:

1. For the full calendar of Year 1, no payment in lieu of taxes;
2. For the full calendar of Year 2, twenty (20%) percent of the actual taxes otherwise due, currently estimated to be the sum of \$464,484;
3. For the full calendar of Year 3, forty (40%) percent of the actual taxes otherwise due, currently estimated to be the sum of \$928,968;
4. For the full calendar of Year 4, sixty (60%) percent of the actual taxes otherwise due, currently estimated to be the sum of \$1,393,452; and
5. For the full calendar of Year 5, eighty (80%) percent of the actual taxes otherwise due, currently estimated to be the sum of \$1,857,936.

In the event a City-wide revaluation results in decrease in the amount of taxes otherwise due, payment hereunder shall be the higher of either the taxes estimated above or the amount of actual taxes after the City-wide revaluation.

ARTICLE III: APPLICATION FEE

The Applicant has paid the sum of \$10,000 to the City as an application fee.

ARTICLES IV: FEDERAL, STATE AND LOCAL LAW

The construction of the Improvements is subject to all applicable federal, State and local laws and regulations on pollution control, worker safety, discrimination in employment, housing provision, zoning, planning and building code requirements.

ARTICLE V: TERM OF EXEMPTION

The Tax Exemption granted shall be valid and effective for a period of five (5) full calendar years from the date of Substantial Completion of the Project, which shall ordinarily mean the date on which the City issues, or the Project is eligible to receive, a Certificate of Occupancy, whether temporary or final, for part or the whole of the Project. During the term of the tax exemption, the Applicant shall make an in lieu of tax payment to the City in accordance with the schedule set forth above. Prior to the commencement

of the tax exemption, and upon expiration thereof, the Applicant shall pay full conventional taxes on the Improvements.

ARTICLE VI: REVALUE

The applicant has agreed that in the event the revalue results in a decrease in the amount of actual taxes otherwise due, for purposes of calculating a tax payment hereunder during the five (5) year period, the amount shall be calculated on the higher of the amount estimated hereunder or the actual taxes.

ARTICLE VII: NO COUNTY EQUALIZATION AND SCHOOL AID

Pursuant to N.J.S.A. 40A:21-11(c), the percentage, which the payment in lieu of taxes for the tax exempt property bears to the property tax which would have been paid had an exemption not been granted for the property under this Agreement, shall not be applied to the valuation of the property to determine the reduced valuation of the property to be included in the valuation of the City for determining equalization for county tax apportionment and school aid, during the term of the tax exemption agreement covering this property. At the expiration or termination of this Agreement, the reduced valuation procedure required under the Law shall no longer apply.

ARTICLE VIII: OPERATION OR DISPOSITION OF PROPERTY

If during any year prior to the termination of this Agreement, the Applicant ceases to operate or disposes of the Property, or fails to meet the conditions for qualifying for tax exemption under this Agreement or pursuant to Law, then the tax which would have otherwise been payable for each and every year, shall become due and payable from the Applicant as if no exemption had been granted. The Tax Collector shall, within 15 days thereof, notify the owner of the Property of the amount of taxes due.

However, with respect to the disposal of the property, if it is determined that the new owner will continue to use the property pursuant to the conditions which qualify the property for exemption, the tax exemption shall continue and this Agreement shall remain in full force and effect.

ARTICLE IX: AFFORDABLE HOUSING TRUST FUND CONTRIBUTION REQUIRED

A. **Contribution.** The Entity will pay the City the sum of \$808,500 or [\$1,500 per unit x 539 units] as a contribution. The sum shall be due and payable as follows:

- i. 1/3 on or before the effective adoption date of the Ordinance approving the tax exemption;
- ii. 1/3 on or before the issuance of the first of any construction permit for the Project,

but no later than six months after the date of the Tax Agreement; and

- iii. 1/3 on or before the date the first of any Certificate of Occupancy is issued for the Project, but no later than twenty-four (24) months after the date of the Tax Agreement.

ARTICLE X: TERMINATION/ELIGIBILITY FOR ADDITIONAL TAX EXEMPTION

Upon the termination of this Agreement for tax exemption, the Project shall be subject to all applicable real property taxes as provided by State Laws and Regulations and City Ordinances. However, nothing herein shall be deemed to prohibit the Project, at the termination of this Agreement, from qualifying for and receiving the full benefits of any other tax preferences allowed by law. Furthermore, nothing herein shall prohibit the Applicant from exercising any rights under any other tax provisions of State law or City Ordinances.

In the event the owner elects to terminate this tax abatement after the revalue, the owner shall pay the City the difference of 100% of the full amount of the taxes otherwise due from the 1st year of this agreement to the date of termination.

ARTICLE XI: PROJECT EMPLOYMENT AND CONTRACTING AGREEMENT

In order to provide City residents and businesses with employment and other economic opportunities, the Applicant agrees to comply with the terms and conditions of the Project Employment & Contracting Agreement which is attached hereto as Exhibit C.

ARTICLE XII: NOTICES

All notices to be given with respect to this Agreement shall be in writing. Each notice shall be sent by registered or certified mail, postage prepaid, return receipt requested, to the party to be notified at the addresses set forth below or at such other address as either party may from time to time designate in writing:

Notice to City:

Business Administrator
City Hall, 280 Grove Street
Jersey City, New Jersey 07302

Notice to Applicant:

90 Columbus Co., LLC
Att: Joseph A. Panepinto
Harborside Financial Center
Plaza 10, Suite 1203
3 Second Street
Jersey City, New Jersey 07311

With a copy to:

Charles J. Harrington, III, Esq.
Connell Foley, LLP
Harborside Financial Center
2510 Plaza Five
Jersey City, New Jersey 07311

ARTICLE XIII: GENERAL PROVISIONS

This Agreement contains the entire Agreement between the parties and cannot be amended, changed or modified except by written instrument executed by the parties hereto.

In the event that any provisions or term of this Agreement shall be held invalid or unenforceable by a Court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof; provided, however, that the City continues to receive the full benefit of any economic term hereunder.

This Agreement shall be governed by and construed in accordance with the Laws of the State of New Jersey.

This agreement may be executed in several counterparts, each of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the City and the Applicant have caused this Agreement to be executed on the date and year first above written.

WITNESS:

90 COLUMBUS CO., LLC

BY: _____

, Member

ATTEST:

CITY OF JERSEY CITY

BY: _____

Robert Byrne
City Clerk

Robert J. Kakoleski
Business Administrator

PROJECT EMPLOYMENT & CONTRACTING AGREEMENT

This Project Employment & Contracting Agreement is made as of the __ day of _____ 2016 between the **CITY OF JERSEY CITY** [City] and **90 COLUMBUS CO., LLC**, having its principal office at Harborside Financial Center, Plaza 10, Suite 1203, 3 Second Street, Jersey City, New Jersey 07311. Recipient agrees as follows:

I. Definitions:

The following words and terms, when used in this agreement, shall have the following meanings unless the context clearly indicates otherwise.

1. "City" means the Business Administrator of the City of Jersey City, or his designee, including any person or entity which enters into a contract with the City to implement, in whole or in part, this agreement.
2. "Contractor" means any party performing or offering to perform a prime contract on behalf of the Recipient.
3. "DEO" means the Division of Economic Opportunity under the Department of Administration, located at 280 Grove Street – 1st Floor, Jersey City, NJ 07302, Telephone #(201) 547-5611. DEO is in charge of Project Employment & Contracting coordination and monitoring on projects receiving abatements.
4. "Economic Incentive" means a tax abatement or exemption for a property or project which requires approval of the Municipal Council and which reduces the annual amount of taxes otherwise due, by \$25,000 or more in the aggregate;
5. "Employment" means any job or position during the construction and operational phase of the project. It includes positions created as a result of internal promotions, terminations, or expansions within the Recipient's work force which are to be filled by new employees. However, positions filled through promotion from within the Recipient's existing work force are not covered positions under this agreement.
6. "Local Business" means a bona fide business located in Jersey City.
7. Mayor Steven M. Fulop's Business Cooperative Program means the group within DEO under the Department of Administration responsible for collecting local and minority business contracts and capability information. This group operates the Supplier Alert service which is to be used by the Recipient to meet their good faith business contracting and construction subcontracting goals.
8. "Minority" means a person who is African, Hispanic, Asian, or American Indian defined as follows:
 - a) "African-American" means a person having origins in any of the black racial

groups of Africa.

- b) "Hispanic" means a person of Mexican, Puerto Rican, Cuban, Central or South American or other Latino culture or origin, regardless of race, excluding, however, persons of European origin.
 - c) "Asian" means a person having origins in any of the original people of the Far East, Southeast Asia, and subcontinent India, Hawaii or the Pacific Islands.
 - d) "American Indian" means a person having origins in any of the original people of North America who maintains cultural identification through tribal affiliation or community recognition.
- 9. "Minority or Woman Owned Local Business" means a bona fide business located in Jersey City which is fifty-one (51%) percent or more owned and controlled by either a Minority or woman.
 - 10. "Non-Traditional Jobs" means jobs which are held by less than twenty (20%) percent women, as reported by the New Jersey Department of Labor, Division of Labor Market, and Demographic Research for Jersey City, which report shall be on file with the City Clerk.
 - 11. "Permanent Jobs" mean newly created long term salaried positions, whether permanent, temporary, part time or seasonal.
 - 12. "Project or Project Site" means the specific work location or locations specified in the contract.
 - 13. The "Project Employment & Contracting Coordinator" is a member of the DEO staff under the Department of Administration who is in charge of coordinating Project Employment & Contracting projects. Contractors and developers engaged in projects covered by Project Employment & Contracting Agreements will direct inquiries to the Project Employment & Contracting Coordinator.
 - 14. The "Project Employment & Contracting Monitor" or "Monitor" is a member of the DEO staff under the Department of Administration directly under the command of the Project Employment & Contracting Coordinator, who is in charge of monitoring the site, collecting the reports and documentation, and other day-to-day Project Employment & Contracting housekeeping as stipulated by this agreement.
 - 15. The "Project Employment & Contracting Officer" or "Officer" is an employee of the Recipient who is designated by the Recipient to make sure the Recipient is in compliance with the Recipient's Project Employment & Contracting agreement.
 - 16. "Recipient" means any individual, partnership, association, organization, corporation or other entity, whether public or private, or for profit or non-profit, or agent thereof, which receives an Economic Incentive and shall include any Contractor, Subcontractor or agent

of the Recipient.

17. "The Registry" or "Jersey City Employment Registry" means a list maintained by the City or its designee of Jersey City residents seeking employment and Local Businesses, including Minority or Woman Owned Local Businesses, seeking contracts.
18. "Subcontract" means a binding legal relationship involving performance of a contract that is part of a prime contract.
19. "Subcontractor" means a third party that is engaged by the prime Contractor to perform under a subcontract all or part of the work included in an original contract.
20. "Substantial Completion" means the determination by the City that the Project, in whole or in part, is ready for the use intended, which ordinarily shall mean the date on which the Project receives, or is eligible to receive any Certificate of Occupancy for any portion of the Project.

II. Purpose:

The City wishes to assure continuing employment opportunities for City residents, particularly residents who are Minorities, and business opportunities for Local Businesses, especially Minority and Women Owned Local Businesses, with employers located in or relocating to the City who are the Recipients of Economic Incentives. The City has determined to accomplish that goal by requiring the Recipient of an Economic Incentive to act in Good Faith, as defined herein, and discharge its obligations under this Agreement. To the extent mandated by State and Federal law and so long as the Entity discharges its Good Faith obligations under this agreement, the City acknowledges that the Recipient and its contractors are free to hire whomever they choose.

III. Good Faith Goals:

In the event the Recipient is able to demonstrate that its work force already meets the goals set forth below or is able to meet such goals during the term of this agreement, the Recipient will not be required to comply with the interviewing or reporting obligations set forth in Section VI, 2., A-J (Permanent Jobs).

1. **Employment:** The Recipient shall make a Good Faith effort to achieve the goal of a work force representing fifty-one (51%) percent City residents, fifty-one (51%) percent of whom are residents who are Minorities and, in Non-Traditional Jobs, six point nine (6.9%) percent of whom are residents who are women, it being understood that one employee may satisfy more than one category.

2. **Business Contracting:** The Recipient shall make a Good Faith effort to achieve the goal of awarding twenty (20%) percent of the dollar amount of its contracts to Local Businesses, fifty-one (51%) percent of which shall be Minority or Women Owned Local Businesses. If fifty-one (51%) percent of Minority or Women Owned Local Businesses cannot be obtained, that percentage of contracts must still be applied to local vendors.

IV. Recipient Designee:

The Recipient shall designate a principal officer of its firm to be responsible for administering the agreement detailed herein and to report to and confer with the City in order to discharge its Good Faith obligations as defined in this agreement. This officer should be designated as the Project Employment & Contracting Officer.

The Recipient should send a letter of introduction regarding the "Project Employment & Contracting Compliance Officer" to the Project Employment & Contracting Coordinator prior to any preconstruction meetings. An example of this letter can be found in Appendix A. This principle officer should also be present for all preconstruction meetings.

The Recipient should send a letter regarding the "Project Employment & Contracting Compliance Officer" to the employees of the Recipient's company. An example of this letter can be found in Appendix AZ

V. Term:

This agreement shall be in effect for a period co-terminus with the effective period of the tax exemption [the Economic Incentive]. Thus, it will commence on the date the City Council adopted Ordinance _____, approving the tax exemption and terminate the earlier of five (5) years from the date of the adoption of that Ordinance or five (5) years from the date of Substantial Completion of the Project.

VI. Good Faith Defined:

1. Permanent Jobs: Good Faith shall mean compliance with all of the following conditions:

A. Pre-hiring Job Awareness: At least eight (8) months prior to the hiring of a Recipient's permanent workforce, the Project Employment & Contracting officer for the Recipient will sit down with the head of the Registry to discuss how the Recipient plans to hire its permanent workforce. The following issues should be covered in this meeting:

- i) whether subcontractors will be used in the hiring process.
- ii) the specific types of jobs that need to be filled.
- iii) the qualifications needed for these particular jobs.
- iv) possible training programs offered by the permanent employer.
- v) the Recipient's goals and how it plans to meet these goals.
- vi) any other issues which need to be addressed by the Registry.

1. Subcontractor Notification -- If the Recipient decides to subcontract any portion or all of its permanent workforce, then the Recipient must receive a signed acknowledgment from the subcontracting party that it will abide by the Project Employment & Contracting Agreement before said subcontractor begins staffing permanent employees. The Recipient must forward a copy of the signed acknowledgment to the Project Employment & Contracting Monitor. An

example of this signed acknowledgment can be found in Appendix E.

2. Subcontractor Pre-Hiring Job Awareness Meeting -- Each subcontractor hired to staff permanent job positions must appoint a Project Employment & Contracting Officer to meet with the head of the Registry to discuss the same issues presented above in VI 2.A(I-vi).

3. Subcontractors of Subcontractors--Subcontractors of subcontractors are subject to the same requirements for the initial subcontractors above in Section VI 2.A.

B. Documentation of Hiring Plan--Once the Pre-Hiring Job Awareness Meeting has taken place, the Recipient must put together a document with goals and totals for future permanent employment needs. This plan should summarize all that was discussed in the Pre-Hiring Awareness Meeting, list estimates for manpower needs, set residential and minority employment goals commensurate with the Project Employment & Contracting Agreement, and show how the Recipient plans to meet these goals. An example of this plan is found in Appendix J.

C. Pre-Hiring Notification: At least ten (10) working days prior to advertising for any employees, the Recipient or the Recipient's subcontractor shall provide the Registry with a written notice, which shall state the job title, job description and minimum qualifications, rate of pay, hours of work and the hiring date for each position to be filled, in qualitative and objective terms which will enable the Registry to refer qualified applicants to the Recipient.

D. Advertisement: At the request of the City, or because the City does not have qualified applicants to refer to the Recipient, the Recipient will place an advertisement for the jobs in a newspaper which is regularly published in Jersey City. The Recipient must furnish the Project Employment & Contracting Coordinator in DEO under the Department of Administration with a copy of this advertisement.

E. Pre-Hiring Interview: The Recipient shall interview any qualified applicants referred to it from the Registry, to be maintained by the City or its designee. In the event advertisement is required, the Recipient agrees to interview any qualified persons responding to the advertisement.

F. Semi-Annual Employment Reports: The Recipient will submit written semi-annual employment reports to the Project Employment & Contracting Monitor in the form to be provided by the City. The report will describe the job, whether the job is held by a City resident, minority resident or woman resident. The report will explain in writing the reasons why any qualified applicant referred by the Registry (or in the event advertisement is required, any qualified person responding to the advertisement) was not hired. An example of this report is found in Appendix K.

G. Record Access: The Recipient shall provide the City with reasonable access to all files and records including payroll and personnel information reasonably necessary to confirm the accuracy of the information set forth in the semi-annual reports.

H. Work Place Access: The Recipient shall provide the City with reasonable access to the site to physically monitor the work site to verify the accuracy of the information set forth in the

semi-annual reports.

I. Other Reports, Documents: In addition to the above reports, the Recipient shall furnish such reports or other documents that the City may request from time to time in order to implement the purposes of this agreement.

J. Incorporation of Agreement: The Recipient shall incorporate the provisions of this Agreement in all contracts, agreements and purchase orders for labor with any service, maintenance, security or management agent or Contractor engaged by the Recipient whose personnel will be assigned to the Recipient project.

2. Business Contracting

Good Faith shall mean compliance with all of the following conditions:

1) Solicitation of Businesses:

a) One month before accepting bids for goods and services, the Recipient must forward a letter with requests for quotation or bid to Mayor Steven M. Fulop's Business Cooperative Program for local and local minority vendors for any construction or building operating goods, services and subcontracting opportunities. An example of this letter can be found in Appendix D.

b) After submission of bids, the Recipient will document whether the bid was accepted or rejected, and state the reason why. An example of this documentation can be found in Appendix D2.

i) **Semi-Annual Purchasing Reports:** The Recipient will submit written semi-annual purchasing reports which will include a list of all contracts awarded over a six month period and the dollar amounts of these contracts. The reports will specify the number and dollar amount of contracts awarded to Local Businesses and Minority or Women Owned Local Businesses. An example of these reports can be found in Appendix L.

ii) **No Utilization of Local and Local Minority Vendors As Conduits For Vendors That Are Not Local Or Minority Owned:**

The Recipient pledges not to use local and local minority vendors solely as conduits for vendors that are not local and minority owned. Any discovery by DEO under the Department of Administration of a Recipient, either knowingly or unknowingly, using the masthead of a local or minority owned business as a way to get credit for local or minority employment when it should not, will immediately subject the Recipient to the penalties listed in Section VIII (d) below.

3. Summation of Documentation Needed For Compliance with Agreement

1. Letter Designating Project Employment & Contracting Officer (Appendix A)
2. Letter Designating Project employment & Contracting Officer to Recipient's Employees (App.) AZ
3. Letter From Developer Forwarding Requests for Quotation or Bid for Minority and Residential Vendors from Acting Mayor Steven M. Fulop's Business Cooperative Program (Appendix D)
4. Documentation of Bid Submission (Appendix D2)
5. Letter Expressing Project Employment & Contracting Obligations to Contractors/ Subcontractors (Appendix E)
6. Example of Bi-Weekly Site Visit Report (Appendix I)
7. Example of Documentation of Hiring Plan (Appendix J)
8. Example of Semi-Annual Employment Report (Appendix K)
9. Example of Semi-Annual Purchasing Report (Appendix L)

VII. Notices of Violation:

1. Advisory Notice: The City will issue a written Advisory Notice to the Recipient if there is non-compliance with a Good Faith requirement as defined in this agreement. The Advisory Notice shall explain in sufficient detail the basis of the alleged violation. The Recipient shall have four (4) working days to correct the violation. An example of an Advisory Notice can be found in Appendix M.
2. Violation Notice: If the alleged violation set forth in the Advisory Notice has not been corrected to the satisfaction of the City within four (4) working days, the City shall then issue a Violation Notice to the Recipient. The Violation Notice shall explain in sufficient detail the basis of the alleged, continuing violation. The Recipient will have three (3) working days to correct the violation. An example of a Violation Notice can be found in Appendix N.
3. Correcting the Violation: Either or both the Advisory Notice or the Violation Notice may be considered corrected if the Recipient satisfies the requirements of this agreement and so advises the City in writing, subject to confirmation by the City.
4. Extension of Time to Correction: Either the Advisory Notice or the Violation Notice may be held in abeyance and the time for correction extended if the Recipient enters into satisfactory written agreement with the City for corrective action which is designed to achieve compliance. If Recipient fails to abide by the terms of such agreement the violation will be considered not corrected.
5. Meetings Concerning Violations: The City may provide an opportunity for a meeting with the Recipient, his Contractors or Subcontractors in an effort to achieve compliance; or may respond to Recipient's request for a meeting after the Recipient has made timely submission of a written explanation pursuant to the above. The meeting shall be requested no later than two days after the alleged violator has submitted the written explanation.
6. Interviews Relating to Violations: The City may conduct interviews and may request

additional information from appropriate parties as is considered necessary to determine whether the alleged violation has occurred.

7. Determination of Violation: The City shall issue a determination of whether the Recipient is in violation of this agreement as soon as possible but not later than thirty days after the delivery of the Violation Notice to the Recipient. If the City determines that the Recipient is in violation, the City shall be entitled to the liquidated damages provided below.

VIII. Liquidated Damages:

While reserving any other remedies the City may have at law or equity for a material breach of the above terms and conditions, the parties agree that damages for violations of this agreement by the Recipient cannot be calculated within any reasonable degree of mathematical certainty. Therefore, the parties agree that upon the occurrence of a material breach of any of the above terms and conditions and after notice and expiration of any period to correct the violation, the City will be entitled to liquidated damages from the Recipient in the following amounts:

- a) failure to conduct Pre-hiring Interviews or submit Compliance Statement (Construction Jobs) or Solicit Bids (Business Contracting): an amount equal to Three (3%) percent increase in the estimated annual payment in lieu of taxes;
- b) failure to allow record or work place access or submit any other required reports (all categories): an amount equal to Two (2%) percent increase in the estimated annual payment in lieu of taxes.
- c) the use of the local or local minority business' masthead for labor or work supplied by a non local or local minority vendor: An amount equal to Five (5%) percent increase in the estimated annual payment in lieu of taxes.

IX. Commercial Tenants at the Project Site:

1. The Recipient shall send all tenants of commercial space within the Project Site a letter and a Tenant Employment Services Guide in the form attached as Appendix O.
2. The Recipient shall solicit information from tenants of commercial space about the composition of the work force of each tenant. The information solicited will be submitted to the Project Employment & Contracting Monitor, which shall provide the Recipient with a questionnaire in the form attached as Appendix P.
3. The Recipient will send the results of its solicitation to the Project Employment & Contracting Monitor no later than October 31 of each year.
4. The Recipient shall send all tenants of commercial space within the Project Site a Supplier Alert Service Registration Package in the form attached as Appendix Q.

X. Notices

Any notice required hereunder to be sent by either party to the other, shall be sent by certified mail, return receipt requested, addressed as follows:

1. When sent by the City to the Recipient it shall be addressed to:

90 Columbus Co., LLC
Att: Joseph A. Panepinto
Harborside Financial Center
Plaza 10, Suite 1203
3 Second Street
Jersey City, New Jersey 07311

and

Connell Foley, LLP
Harborside Financial Center
2510 Plaza Five
Jersey City, New Jersey 07311-4029
Att: Charles J. Harrington, III, Esq.

2. When sent by the Recipient to the City, it shall be addressed to:

Project Employment & Contracting Monitor
Department of Administration
Division of Economic Opportunity
280 Grove Street -- 1st Floor
Jersey City, New Jersey 07302

with separate copies to the Mayor and the Business Administrator; unless prior to giving of such notice, the City or the Recipient shall have notified the other in writing.

XI. Adoption, Approval, Modification:

This agreement shall take effect on the date that the Economic Incentive is approved by the Municipal Council.

XII. Controlling Regulations and Laws:

To the extent required by State and Federal Law and so long as the Entity discharges its Good Faith obligations under this agreement, the City agrees and acknowledges that the Recipient and its contractors are free to hire whomever they choose. If this agreement conflicts with any collective bargaining agreement, the City agrees to defer to such agreements so long as the Recipient provides the City with a copy of the offending provision in the collective bargaining agreement.

Notwithstanding anything in this Agreement to the contrary, if the Recipient has entered into a Project Labor Agreement with a Labor Organization, then any and all sections of this Agreement pertaining to construction jobs and the construction portion of any Project, are null and void and may be disregarded by the Recipient. In the event the Recipient has entered into a Project Labor Agreement, then this Agreement shall become effective upon Substantial Completion of the Project. In the event there are any conflicts between this Agreement and any Project Labor Agreement, then the Project Labor Agreement shall govern. Wherever possible, this Agreement shall be interpreted consistently with the Project Labor Agreement.

ATTEST:

CITY OF JERSEY CITY

Robert Byrne
City Clerk

Robert J. Kakoleski
Business Administrator

WITNESS:

90 COLUMBUS CO., LLC

Member

Ordinance of the City of Jersey City, N.J.



ORDINANCE NO. Ord. 15,174
TITLE: 3.B DEC 16 2015 4.B JAN 04 2016

An ordinance approving a five (5) year tax exemption pursuant to the provisions of N.J.S.A. 40A:21-1, et seq., and Section 304-9 of the Municipal Code for property designated as Block 13003 Lot 1 Qualifier C 3.90 commonly known by the street address of 90 Columbus Drive.

RECORD OF COUNCIL VOTE ON INTRODUCTION DEC 16 2015 7-0											
COUNCILPERSON	AYE	NAY	N.V.	COUNCILPERSON	AYE	NAY	N.V.	COUNCILPERSON	AYE	NAY	N.V.
GAJEWSKI	✓			YUN	✓			RIVERA	ACB	ENT	
RAMCHAL	✓			OSBORNE	ACB	ENT		WATTERMAN	✓		
BOGGIANO	✓			COLEMAN	✓			LAVARRO, PRES.	✓		

RECORD OF COUNCIL VOTE TO CLOSE PUBLIC HEARING JAN 04 2016 9-0											
Councilperson <u>WATTERMAN</u> moved, seconded by Councilperson <u>OSBORNE</u> to close P.H.											
COUNCILPERSON	AYE	NAY	N.V.	COUNCILPERSON	AYE	NAY	N.V.	COUNCILPERSON	AYE	NAY	N.V.
GAJEWSKI	✓			YUN	✓			RIVERA	✓		
RAMCHAL	✓			OSBORNE	✓			WATTERMAN	✓		
BOGGIANO	✓			COLEMAN	✓			LAVARRO, PRES.	✓		

✓ Indicates Vote

N.V.--Not Voting (Abstain)

SPEAKERS:

KABILI TAYARI

RECORD OF COUNCIL VOTE ON AMENDMENTS, IF ANY											
Councilperson _____ moved to amend* Ordinance, seconded by Councilperson _____ & adopted											
COUNCILPERSON	AYE	NAY	N.V.	COUNCILPERSON	AYE	NAY	N.V.	COUNCILPERSON	AYE	NAY	N.V.
GAJEWSKI				YUN				RIVERA			
RAMCHAL				OSBORNE				WATTERMAN			
BOGGIANO				COLEMAN				LAVARRO, PRES.			

RECORD OF FINAL COUNCIL VOTE JAN 04 2016 9-0											
COUNCILPERSON	AYE	NAY	N.V.	COUNCILPERSON	AYE	NAY	N.V.	COUNCILPERSON	AYE	NAY	N.V.
GAJEWSKI	✓			YUN	✓			RIVERA	✓		
RAMCHAL	✓			OSBORNE	✓			WATTERMAN	✓		
BOGGIANO	✓			COLEMAN	✓			LAVARRO, PRES.	✓		

✓ Indicates Vote

N.V.--Not Voting (Abstain)

Adopted on first reading of the Council of Jersey City, N.J. on DEC 16 2015
Adopted on second and final reading after hearing on JAN 04 2016

This is to certify that the foregoing Ordinance was adopted by the Municipal Council at its meeting on JAN 04 2016

Robert Byrne, City Clerk
Robert Byrne, City Clerk

*Amendment(s):

APPROVED:

Rolando R. Lavarro, Jr.
Rolando R. Lavarro, Jr., Council President

Date JAN 04 2016

APPROVED:

Steven M. Fulop
Steven M. Fulop, Mayor

Date JAN 05 2016

Date to Mayor JAN 04 2016